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HORIZON RESEARCH

SPECIAL SITUATION
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Event Driven
Research

Regulator Mandated Minimum Public Float

CATALYST: MINORITY BUY IN (MBI)

On June 4, 2010 the Government of India announced that publicly traded companies with majority shareholders (Promoters[1]) holding greater than 75% are mandated to reduce their positions below 75% before June 2013. This announcement leaves Promoters with the regulator mandated decision to either "buy in" minority shareholders to own 100% of the shares outstanding, or sell down their ownership stake, or dilute, to below a 75% holding.

The process to delist requires approximately 60 days. We expect a wave of Promoters decisions beginning in the next 90-120 days, with the final wave of delisting decisions occurring in 220 days, roughly by March 2013. Opportunities continue to exist, but investors must be selective as the related universe of 153 companies offers more disappointment than returns.

We believe companies owned by well capitalized foreign Promoters offer the best probability of an MBI announcement followed by a successful completion. While the final price is not known at the beginning of an MBI, the Promoters' are implicitly analyzing their internal rate of return to determine a delisting. To succeed, the process to secure a successful MBI requires several levels of approvals, but most importantly access to capital. Foreign Promoters all have the capacity to pursue successful MBI's.

This report analyses the process, its timing, the decision matrix, and filters the universe of companies with well capitalized foreign Promoters. Our filter, while not representative of the opportunity set, represents candidates with an achievable voluntary delisting[2].

The Announcement

The Government of India announced on June 4, 2010 that all publicly traded companies must have a public float of greater than 25%. Therefore, the majority shareholding group (Promoter) must hold less than or equal to 75% of the shares outstanding. The deadline for complying with this guideline is June 3, 2013. Majority shareholders are required to either pursue a voluntary delisting from stock exchanges by buying out the publicly traded minority stake or dilute their stake in order to bring their overall holding below 75%.

(Source: http://pib.nic.in/newsite/AdvSearch.aspx)

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[1]A person or body corporate, that is in direct/indirect control of the company. The words 'majority shareholders' and 'Promoters' are used in this report as synonyms. [2]Delisting is a process of removing stocks of a company from a stock exchange. To delist the Promoter is required to buy in the remaining public float and thus effectively taking the company private.

The Candidates

In June 2010, there were about 178 companies with 75% or greater promoter holding; 105 were Indian independent promoters, 33 were Indian government promoted[3], and 35 were foreign. In addition there were 5 jointly owned companies (Indian and Foreign) with no single promoter having more than 50% of the ownership. The universe has experienced some activity to date, with 27 companies opting for a dilution, or reduction of their shareholdings, while 8 companies have pursued a minority buy in (MBI). The diluted universe includes 24 India based independent promoters, while of the 8 MBIs, five were pursued by foreign Promoters. In the context of the announced MBI investment landscape, 5 MBI's failed and 3 (all foreign) MBI's succeeded. The shareholder at the date of public announcement in the failed MBI experienced an average share price decline of 14%, and the shareholder in the successful MBI offer experienced the average share price increase of 36%.

Currently, there are about 153 companies with a public float of less than 25% (Appendix: 1).

This universe of candidates is well recognized by the market place. These companies have had an average price appreciation since announcement of 12.9% versus the BSE Sensex Index decline of 0.7%. The candidates' P/B is 2.9x, have a P/E of 32.3x and an EBITDA multiple of 14.2x, all well above the broad market. We are now in the critical final months required for a Promoter decision. The binary outcome of this speculation requires highly selective due diligence to justify an investment. Our analysis attempts to triangulate the decision framework for the majority owners, or Promoters, in complying with the SEBI rules. We list below in Figure 1 possible delisting candidates with foreign Promoters.

Figure 1 **Possible delisting candidates, foreign Promoters**

A	B	C	D	E	F	G =(F/D)	H	I	J	K	L	M
									Valuation multiples		Avg growth	
Company	Market cap (INR Mn)	Promoter holding	Daily volume in thousand	MBI offer size shares (Mn)	Shares (Mn) to be tendered for successful MBI	Days avg. volume	Public demated shares (Mn)	% demated shares to be tendered for successful MBI	P/E	EV/EBITDA	Sales	EBITDA
Oracle Finl. Service	210,786.73	80.4%	90.6	16.5	8.2	91	15.6	52.8%	19.7	13.9	*19.3%*	*24.8%*
3M India	44,292.57	76.0%	1.7	2.7	1.6	953	2.6	60.9%	67.8	34.5	*26.4%*	*18.6%*
Blue Dart Express	46,049.99	81.0%	6.6	4.5	2.3	343	4.3	51.8%	41.2	24.2	*18.3%*	*12.9%*
Gillette India	75,260.45	88.8%	4.6	3.7	1.8	394	3.4	53.2%	120.7	61.3	*16.5%*	*5.9%*
Novartis	22,554.73	76.4%	7.0	7.5	4.3	619	6.6	65.5%	15.5	10.0	*5.0%*	*8.3%*
Astrazeneca Pharma	44,905.00	90.0%	35.1	2.5	1.3	36	1.9	65.4%	235.3	125.6	*15.6%*	*-5.3%*
Honeywell Automation	21,526.90	81.2%	5.1	1.7	0.8	164	1.5	54.8%	26.6	15.7	*29.1%*	*40.4%*
BOC India	33,785.34	89.5%	99.1	9.0	4.5	45	7.7	58.3%	30.2	17.6	*16.3%*	*14.7%*
Timken India	14,206.50	80.0%	338.3	12.7	6.4	19	9.9	64.1%	23.3	14.6	*11.4%*	*11.3%*
Kennametal India	20,936.47	88.2%	6.7	2.6	1.3	195	2.3	57.7%	26.8	15.5	*12.3%*	*19.8%*
Goodyear India	7,678.84	70.0%	19.7	6.0	3.7	187	5.1	72.2%	12.5	4.5	*13.2%*	*29.9%*
Elantas Beck India	12,446.46	88.6%	1.4	0.9	0.5	336	0.7	61.4%	49.6	31.9	*14.9%*	*9.2%*
Styrolution ABS	12,290.59	87.3%	5.2	2.2	1.1	213	1.9	57.9%	25.5	14.2	*10.6%*	*7.7%*
Wendt India	3,340.70	79.7%	0.9	0.4	0.2	236	0.3	60.2%	22.0	12.9	*14.0%*	*13.0%*
Warren Tea	4,446.42	83.5%	1.5	1.8	0.9	602	1.5	59.9%	21.0	9.3	*9.3%*	*NA*

Note: Market cap as on July 19, 2012; Promoter holding as on March 31, 2012; Daily volume is the average daily combined volume in BSE & NSE
Source: Horizon Research, BSE, NSE, Company

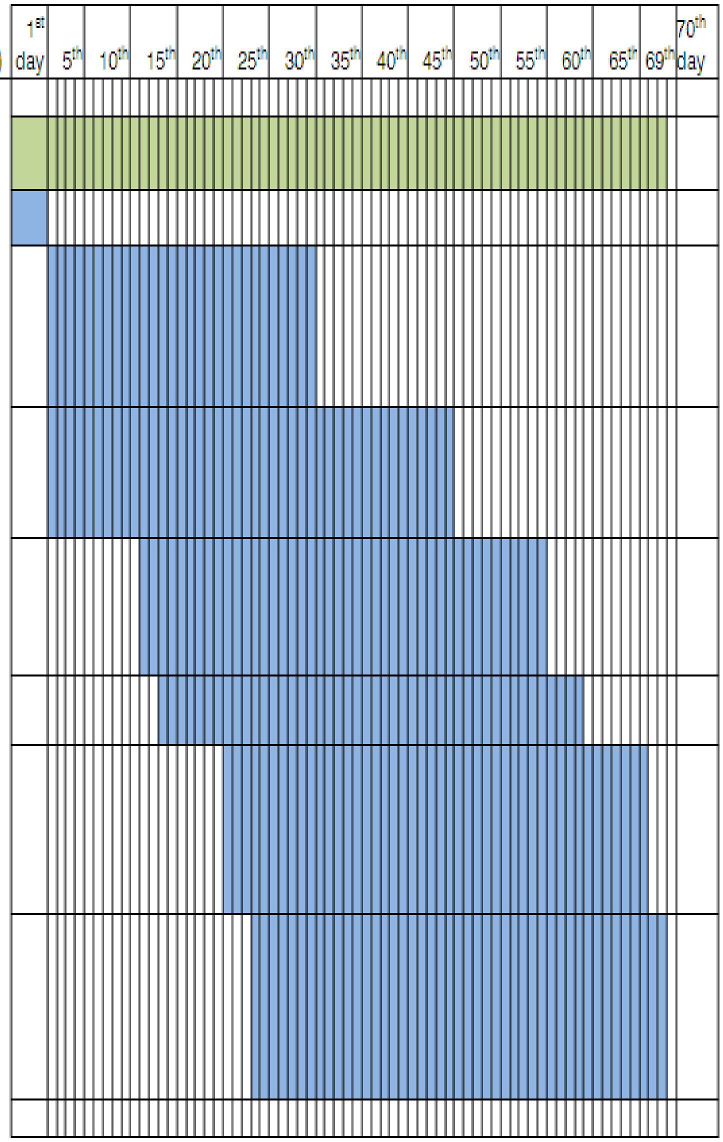
[3]Companies promoted by the Government are required to attain minimum public float of 10% by August 2013. (Source: http://pib.nic.in/newsite/AdvSearch.aspx)

The Process

The minority buy in (MBI[4]) begins with a tender process. Generally, under SEBI guidelines introduced in June 2009, the delisting process takes a maximum time frame from announcement to conclusion of 68 days and a minimum time frame of 23 days, and therefore all market announcements for potential buy-ins must occur before May 1, 2013 (Figure 2). The delisting process of the last three successful delisting issues took 51 days on an average.

Figure 2 **Delisting in a Framework of Time**

Steps	Earliest by	Latest by	Period (Days)
Delisting process	Day 1	Day 68	68
Public announcement	Day 1		1
Determine name of shareholder whom letter of offer to be sent (within 30 days from date of PA)	Day 2	Day 30	30
Letter of offer to be sent to shareholders (within 45 days from date of PA)	Day 2	Day 45	45
Bidding starts within 55days from date of PA (assuming letters reach within 5days)	Day 12	Day 55	44
Bidding closes	Day 14	Day 59	46
Public announcement about the results of bidding (within 8 days from date of closing of bidding)	Day 21	Day 66	46
Consideration to be paid or shares to be returned to shareholder (within 10 days from the date of closing of bidding)	Day 23	Day 68	46



Source: Horizon Research, SEBI

[4]An MBI is a corporate finance decision whereby Promoters initiate a tender offer to buy in the remaining public float. The company's current operations are not affected, although the delisting serves as a clear signal to the Promoters' view of the prospect of the stocks.

Delisting Rules and the Process In Detail

Referring figure 2 above, we outline below the elaborated process, price setting mechanism, and venue for success.

1. **Advance Approvals:**
   a. For delisting of stocks from stock exchanges, approval from Board of Directors (BOD) of the company and shareholders is required. Shareholders (through postal ballot) must approve the delisting request of the Promoter with 2/3rd of the votes in favour of delisting.
   b. We have observed that obtaining approval from BOD of the company and shareholders takes about 45 to 60 days. (Figure 3).

Figure 3 Time taken for obtaining approvals from BOD and shareholders

Past delisting issues (both successful and failure)	Date of approval of board of directors of the company	Date of approval from shareholders	Total time taken in days
Goodyear India	9-Feb-10	7-Apr-10	57
BOC India	15-Jun-10	28-Jul-10	43
Atlas Copco	29-Oct-10	24-Dec-10	56
Saint-Gobain Sekurit	18-May-11	4-Jul-11	47
Alfa Laval India	19-Sep-11	15-Nov-11	57

Source: Horizon Research, Company document

   c. Upon obtaining approval from BOD of the company and shareholders, an application can be filed with stock exchanges for approval within a year from the date of obtaining approval from shareholders.

2. **Tender Process:**
   a. Public announcement (PA) is to be made in at least one English national daily, one Hindi national daily and one regional language newspaper.
   b. PA must mention the specified date (the date for determining the names of shareholders to whom the letter of offer shall be sent). Specified date should be within 30 working days from the date of the PA.
   c. Letter of offer accompanied with a bidding form must be dispatched within 45 working days from the date of PA, so as to reach shareholders at least 5 working days before the opening of the bidding period.
   d. Bidding must start within 55 working days from the date of the PA and must remain open for 3-5 working days.

3. **Tender Price:** Promoters must pay
   a. If shares are 'frequently traded': Floor price: higher of,
      i. The average (un-weighted) of the weekly high and low of the closing prices of the equity shares of the company during the twenty six weeks before the 'date of notification'[5] of delisting proposal.

      OR

      ii. The average (un-weighted) of the weekly high and low of the closing prices of the equity shares of the company during the two weeks before the date of notification of delisting proposal.
   b. If shares are 'infrequently traded': Floor price: higher of,

[5] Date of notification: the date on which the stock exchange was informed of the board meeting in which the delisting proposal was considered.

i. Price paid by the Promoter for acquisition (of the same company shares) if any including public or rights issue, preferential allotment during the twenty six weeks prior to date of notification.
ii. Also, other parameters such as return on net worth, book value of the shares, earning per share, price earning multiple vis-à-vis the industry average are to be considered.

4. **Successful tender:** Offer is successful only if total number of shares tendered is higher than
   a. Shares required for increasing Promoters' holding to 90% of the total outstanding shares. For the calculation, outstanding shares exclude shares held by custodian[6] against which depository receipts have been issued overseas.

   OR

   b. 50% of the offer size.
   For example, the Promoter holding in Saint-Gobain Sekurit, which made public announcement for delisting on May 21, 2012, was 85.8%. The delisting offer was made to acquire the remaining 14.2% shares outstanding ('issue size'). In this case an additional 4.2% shares were needed for Promoters to obtain a 90% holding but 50% of the issue size was 7.1%. Hence, more than 7.1% of the minority should have tendered their shares for the offer to be successful. However, in this case only 5.6% of the shares outstanding were tendered and the offer failed on June 11, 2012.

5. **Promoters' right:**
   a. Accepts the price determined from bidding process
      i. Makes a PA in same newspapers regarding the success of the offer along with the final price accepted within 8 working days from date of closure of the bidding process.
      ii. Shall pay the consideration to shareholders within 10 working days from the closure of the offer.
   b. Does not accept the price determined from bidding process
      i. Makes a PA in same newspapers regarding rejection of the final price discovered within 8 working days from date of closure of the bidding process.
      ii. Return shares tendered within 10 working days of closure of the bidding period.
      iii. Attain minimum public float of 25% within 6 months from closure of the offer. This rule also applies if the tender is not successful.

6. **Tender restrictions:**
   a. **Seasoning Provisions:**
      i. Three year: Delisting is not allowed unless a period of three years has elapsed since the listing of the equity shares
      ii. One year: After an open offer is made to shareholders, the company is not eligible to make a voluntary delisting offer for 12 months from the date of the completion of the offer period.
      For example, Fairbridge Capital made an offer to shareholders of Thomas Cook (BSE: 500413) after buying majority shares from the Promoter. So now according to rules, Fairbridge cannot initiate delisting process for 12 months from the closing of the open offer.
   b. **Source of Funds:** Delisting must be initiated by an external party with external capital, usually the Promoters/shareholders.
      i. Delisting is not allowed through a company buy-back route (http://www.sebi.gov.in/acts/buybackreg.html).
      ii. Delisting process can never be initiated by the company itself.
      iii. Funds of the company (shares of which are getting delisted) cannot be used to fund the delisting. This rule applies to all companies (whether it belongs to Indian or foreign Promoter).

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[6] Financial institution that is responsible for management and safekeeping of securities such as stocks.

Foreign Promoters have an edge on sourcing capital

Foreign Promoters have a competitive advantage in accessing capital for a delisting when compared to their local Indian candidates. The Reserve Bank of India (RBI) guidelines debars banks from financing any equity acquisition (including delisting) in India (Source: http://rbidocs.rbi.org.in/rdocs/notification/PDFs/59LA300611F.pdf; http://rbidocs.rbi.org.in/rdocs/notification/PDFs/59LA300611F.pdf). Further, SEBI rules state that the company itself cannot use its own balance sheet to delist. Indian companies are also barred from using offshore financing/external commercial borrowings to finance equity acquisition including delisting (source: http://rbidocs.rbi.org.in/rdocs/notification/PDFs/09MCSECB200112_F.pdf). Foreign Promoters can use offshore financing to fund the delisting. We highlight the magnitude of these funding requirements to foreign Promoters including the change in cost of MBIs due to change in share price and exchange rate (INR/USD), below in figure 4.a and 4.b.

Figure 4.a Change in cost of MBI due to share price movement and rupee depreciation

A	B	C	D	E	F	G	H	I	J
	Market cap	Shares	Daily volume	Share price as on (INR)			Cost of MBI as on ($ Mn)		
Company	(INR Mn)	O/S (Mn)	in thousand	1-Aug-11	19-Jul-12	*% change*	1-Aug-11	19-Jul-12	*% change*
Oracle Finl. Service	210,787	84.0	90.6	2,141.4	2,510.2	*17.2%*	805.7	727.6	*-9.7%*
3M India	44,293	11.3	1.7	4,683.7	3,931.9	*-16.1%*	261.4	186.2	*-28.8%*
Blue Dart Express	46,050	23.7	6.6	1,623.7	1,940.8	*19.5%*	164.2	164.5	*0.2%*
Gillette India	75,260	32.6	4.6	2,284.6	2,309.7	*1.1%*	186.0	159.0	*-14.5%*
Novartis	22,555	32.0	7.0	900.0	705.7	*-21.6%*	153.2	102.0	*-33.4%*
Astrazeneca Pharma	44,905	25.0	35.1	1,393.8	1,796.2	*28.9%*	76.9	86.7	*12.7%*
Honeywell Automation	21,527	8.8	5.1	2,790.0	2,434.8	*-12.7%*	105.5	78.9	*-25.2%*
BOC India	33,785	85.3	99.1	293.5	396.2	*35.0%*	61.3	67.8	*10.6%*
Timken India	14,206	63.7	338.3	226.6	222.9	*-1.6%*	69.2	50.2	*-27.5%*
Kennametal India	20,936	22.0	6.7	697.5	952.6	*36.6%*	43.6	46.6	*6.8%*
Goodyear India	7,679	23.1	19.7	351.9	332.9	*-5.4%*	48.6	37.2	*-23.4%*
Elantas Beck India	12,446	7.9	1.4	1,908.9	1,570.0	*-17.8%*	39.0	30.1	*-22.9%*
Styrolution ABS	12,291	17.6	5.2	624.2	698.9	*12.0%*	32.2	30.0	*-6.8%*
Wendt India	3,341	2.0	0.9	1,975.8	1,670.4	*-15.5%*	15.5	13.2	*-15.2%*
Warren Tea	4,446	10.7	1.5	308.2	415.0	*34.7%*	12.5	12.5	*0.2%*
Exchange rate (INR/USD)				44.0	55.4	*-25.7%*			

Note: Market Cap and Daily volume as on 19-July-12; Shares outstanding as on March 31, 2012; volume is the average daily combined volume in BSE & NSE

Source: Horizon Research, RBI, BSE, NSE

Figure 4.b Cost of MBI and Proceeds of Dilution

A	K	L	M = (K/D)	N	O	P	Q	R = (P/D)	S	T
	Shares required for MBI		Times daily	Cost of MBI		Shares required for dilution		Times daily	Dilution proceeds at CMP	
Company	Shares (Mn)	% of O/S	volume (Days)	INR Mn	$ Mn	Shares (Mn)	% of O/S	volume (Days)	INR Mn	$ Mn
Oracle Finl. Service	16.5	19.6%	182	40,298.3	727.6	4.5	5.4%	50	11,299.1	204.0
3M India	2.7	24.0%	1,633	10,310.6	186.2	0.1	1.0%	68	445.1	8.0
Blue Dart Express	4.5	19.0%	687	9,112.9	164.5	1.4	6.0%	219	2,779.0	50.2
Gillette India	3.7	11.2%	789	8,805.6	159.0	4.5	13.8%	965	10,356.3	187.0
Novartis	7.5	23.6%	1,074	5,647.8	102.0	0.5	1.4%	65	320.5	5.8
Astrazeneca Pharma	2.5	10.0%	71	4,802.6	86.7	3.7	15.0%	107	6,735.7	121.6
Honeywell Automation	1.7	18.8%	328	4,368.2	78.9	0.6	6.2%	109	1,342.4	24.2
BOC India	9.0	10.5%	91	3,756.8	67.8	12.3	14.5%	125	4,890.5	88.3
Timken India	12.7	20.0%	38	2,780.6	50.2	3.2	5.0%	9	713.0	12.9
Kennametal India	2.6	11.8%	391	2,580.0	46.6	2.9	13.2%	434	2,755.2	49.7
Goodyear India	6.0	26.0%	304	2,060.0	37.2	NA	NA	NA	NA	NA
Elantas Beck India	0.9	11.4%	672	1,666.4	30.1	1.1	13.6%	796	1,687.1	30.5
Styrolution ABS	2.2	12.7%	425	1,661.6	30.0	2.2	12.3%	413	1,514.9	27.4
Wendt India	0.4	20.3%	466	728.7	13.2	0.1	4.7%	109	158.2	2.9
Warren Tea	1.8	16.5%	1,204	694.6	12.5	0.9	8.5%	622	378.5	6.8

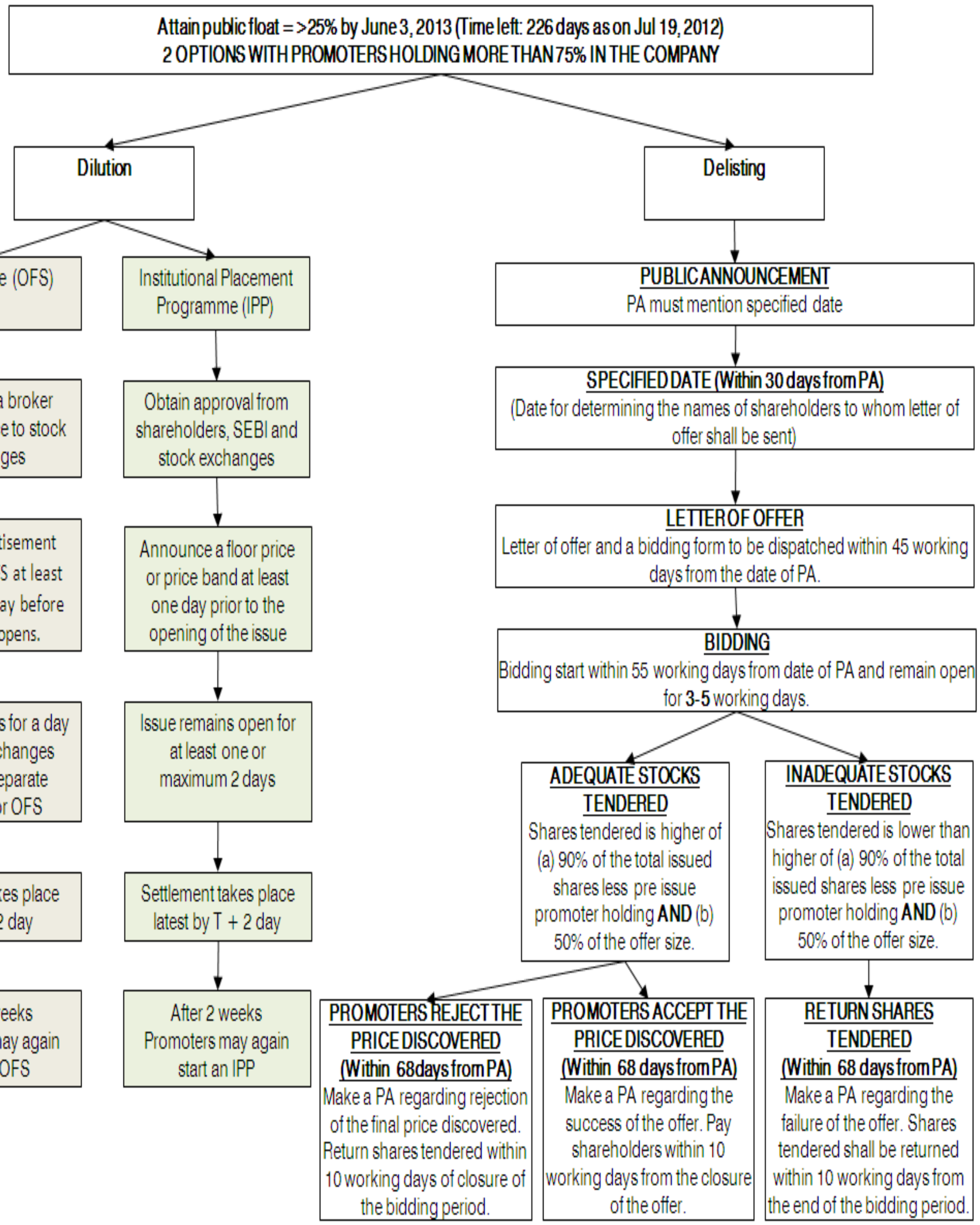
Note: CMP: Current market price as on July 19, 2012

Source: Horizon Research

DELISTING or DILUTION: That is the question…

About 318 days (or 226 working days) are left to attain minimum public float of 25%. Promoters have no option but to opt for dilution or delisting. We outline the options available to a company in figure 5.

Figure 5 **Options available to a company**



Source: Horizon Research, SEBI

Promoters pay premium to ensure success of the delisting issue

The outcome of a delisting issue depends on the number and the price of shares tendered. (See 'Successful tender' and 'Promoters right' in 'Delisting Rules and the Process In Detail' above). We have observed that to ensure a successful delisting issue Promoters have had to pay a premium over the prevailing market price of the share. Some recent examples are as follows:

1. **Atlas Copco India:**
   Atlas Copco informed the stock exchange on October 29, 2010 that its BOD approved the delisting issue. The offer price determined on that day was INR 1,426 per share. Stock price of Atlas Copco increased on the news of delisting, and the Promoter revised its offer price to INR 2,250 per share. The 'public announcement' for delisting was made on February 18, 2011. The delisting process continued till March 25, 2011 and finally shares of the company were delisted on May 20, 2011. Eventually, Promoters paid minority shareholders INR 2,750 per equity share. This resulted in an absolute return of 29% and an annualized return of 302% within the 35 days post announcement to payment period.

2. **Alfa Laval India:**
   Alfa Laval India informed the stock exchange on September 19, 2011 that its BOD approved the delisting issue. The offer price determined on that day was INR 1,904 per share. As the stock price increased during the delisting process, the Promoter revised the offer price to INR 2,850 on January 10, 2012. The 'public announcement' was made on January 20, 2012 and the company was taken private on April 19, 2012. Finally, the Promoter paid INR 4,000 per equity shares as exit price to minority shareholders. This resulted in an absolute return of 43% and an annualized return of 335% within the 47 days post announcement to payment period.

3. **Saint-Gobain Sekurit (BSE:515043):**
   a. In the case of Saint-Gobain Sekurit, which made public announcement for delisting on May 21, 2012, only 5.6% of the shares outstanding were tendered against minimum requirement of 7.1% of the shares outstanding.
   b. The offer was unsuccessful because its Promoter offered INR 31 per share against the market price of INR 63.3 per share that prevailed on the day of public announcement.
   c. Further, the Promoter did not revise the price during the offer period. Minority shareholders would have preferred to sell in the secondary market rather than tendering in the delisting issue.
   d. Post-closing of the bidding period on June 11, 2012, Saint-Gobain Sekurit stock touched the lower circuit for 3 consecutive trading days. Currently, it is trading at INR 36.4 per share (as on June 28, 2012) and is down by 42.5% from the date of 'public announcement'.

Why Delist? Factors which will contribute to the decision process

Choosing between delisting and dilution will be an economic decision for the Promoters. A delisting brings advantages. Complete ownership streamlines corporate decision making as shareholders' approval will not be required for certain management decisions. It also helps with operating cost reductions for items such as financing, general disclosures to shareholders/stock exchanges, listing expenses. However, retaining a listing by decreasing Promoters stake below 75% has several parallel advantages such as enhancing operating exposure, acting as a conduit to access to investor capital, offer a share currency in acquisitions, and the potential to broaden brand recognition.

Why Delist? Factors which will contribute to the decision process… (Cont'd)

We believe that rational Promoters will make an economic decision based on the rate of return of either option. In turn, the rate of return will depend on the Private Market Value™ (PMV™)[7] of the company, delisting price (the expected price to be paid per share for delisting) and dilution price (expected price per share that can be realized if shares were to dilute).

Since June 2010 8 Promoters (five foreign), have pursued an MBI with 5 failing and 3 (all foreign) succeeding.

If the Promoters calculations determine that the return on delisting (estimated based on PMV per share and delisting price net of cost reductions for items such as general disclosures to shareholders/stock exchanges, listing expenses, etc.) is higher than the return on dilution (estimated based on PMV per share and dilution price), the Promoter should opt for delisting.

1. **Access to capital:**
   a. **The listed company cannot fund its own delisting**
      i. The company (which is getting delisted) cannot self-finance the delisting issue as per the delisting rules
      ii. Promoters must finance the MBI from external sources i.e. other than company's funds.
      iii. Foreign multinational Promoters (parent/holding companies) can fund the MBI. For example Atlas Copco AB, Sweden funded the MBI of Atlas Copco India. Similarly, Alfa Laval Corporate AB, Sweden initiated and funded the MBI of Alfa Laval India.

   b. **Local Promoter has limited access to leverage**
   Reserve Bank of India (RBI) debars banks from providing finance for activities related to M&A/buyouts, etc. in India. This limits access to leverage for domestic Promoters to buy in minority shares. (Source: http://rbidocs.rbi.org.in/rdocs/notification/PDFs/59LA300611F.pdf).

   c. **Foreign Promoter can competitively source funds**
   Offshore banks financing can finance M&A/buyouts, etc. in India.

2. **Exchange rate changes:**
The depreciation of the INR against all currencies (the Rupee has depreciated by over 29% against the US dollar since August 2011) has made the cost of acquiring minority stake cheaper in dollar terms and offers an advantage for foreign Promoter owned companies.(Figure 4.a and 4.b)

3. **Parent's financials suggest Cost of MBI is insignificant**
The estimated cost of an MBI for Oracle Financial Services is 2% of its parent's revenues, it is roughly 0.2% of revenues in case of both Gillette India and Honeywell Automation and 0.6% in 3M India (Figure 6).

[7]PMV is the price an informed industrialist is willing to pay for the total enterprise under current market conditions. It includes control premium and synergy benefits. Gabelli Asset Management Company (GAMCO Investors) developed Private Market Value analysis and applied it in conjunction with the presence of a catalyst. The investment methodology process is trademarked by GABELLI as "Private Market Value with a Catalyst™". (For more information on PMV see: http://www.gabelli.com/news/articles/reg-selby_123099.html)

Figure 6 **Cost of MBI as percentage of the Promoters' financials**

		Foreign Promoters' ($ Mn)			MBI cost to	MBI cost as % of foreign Promoters'		
Company	Promoter	Market cap	Revenue	Operating income	Promoter ($ Mn)	Market cap	Revenues	Operating income
Oracle Finl. Service	Oracle Corporation	150,698.6	37,121.0	14,057.0	727.6	0.5%	2.0%	5.2%
3M India	3M Com.	63,024.4	29,611.0	6,178.0	186.2	0.3%	0.6%	3.0%
Blue Dart Express	Deutsche Post	21,873.2	73,559.5	3,332.0	164.5	0.8%	0.2%	4.9%
Gillette India	Procter & Gamble	177,887.7	82,559.0	15,818.0	159.0	0.1%	0.2%	1.0%
Novartis	Novartis International AG	154,691.7	58,566.0	12,030.0	102.0	0.1%	0.2%	0.8%
Astrazeneca Pharma	AstraZeneca PLC	59,114.4	33,591.0	11,279.0	86.7	0.1%	0.3%	0.8%
Honeywell Automation	Honeywell International Inc	45,153.5	36,529.0	2,574.0	78.9	0.2%	0.2%	3.1%
BOC India	Linde Group	27,753.7	19,197.1	2,507.7	67.8	0.2%	0.4%	2.7%
Timken India	The Timken Company	4,360.5	5,170.2	743.5	50.2	1.2%	1.0%	6.8%
Kennametal India	Kennametal Inc & Meturit AG	NA	NA	NA	46.6	NA	NA	NA
Goodyear India	Goodyear Tire & Rubber Com.	2,469.1	22,767.0	1,124.0	37.2	1.5%	0.2%	3.3%
Elantas Beck India	ALTANA Group	NA	2,251.1	299.2	30.1	NA	1.3%	10.1%
Styrolution ABS	INEOS and BASF	NA	NA	NA	30.0	NA	NA	NA
Wendt India	Carbor. Univ. & 3M Com.	63,024.4	29,611.0	6,178.0	13.2	0.0%	0.0%	0.2%
Warren Tea	Goenkas and Warrant Group	NA	NA	NA	12.5	NA	NA	NA

Source: Horizon Research, Company, Bloomberg

4. **High proportion of non-demated shares, a boon & bane:**
   a. Non-demated shares (shares in paper form that are not traded electronically) are less liquid and trade only after a technical and time consuming process.
   b. The owner of non-demated shares must take the physical certificates to the depository participant/ broker for converting[8] these shares into electronic form (demated shares) to qualify exchange trading eligibility. (For more details see: http://www.sebi.gov.in/faq/faqdemat.html)
   c. It is observed that lesser percentage of non-demated shares was tendered in recent delisting issues (Figure 7).
   d. The presence of high non-demated shares has following impacts
      i. Lesser number of shares gets tendered and the delisting issue becomes unsuccessful.
      ii. The Promoter may pay higher price so that more shares (demated) are tendered and the issue becomes successful.

Figure 7 **Lower tendering of non-demated shares in past delisting issues**

	Before delisting				After delisting			Lower tendering of non-demated shares		
Company	Shares o/s	% Promoter holding	Shares with Promoter	Public non demated shares	% Promoter holding	Shares with Promoter	Public non demated shares	Total shares tendered	Public non-demated shares tendered	% of non-demated shares tendered
Alfa Laval India	18,160,483	88.8%	16,120,281	392,153	94.5%	17,153,069	267,947	1,032,788	124,206	31.7%
Atlas Copco	22,561,564	83.8%	18,899,360	865,602	91.9%	20,733,926	761,939	1,834,566	103,663	12.0%

Note: About 55.1% and 61.9% of public demated shares of Alfa Laval and Atlas Copco were tendered.
Source: Horizon Research, BSE

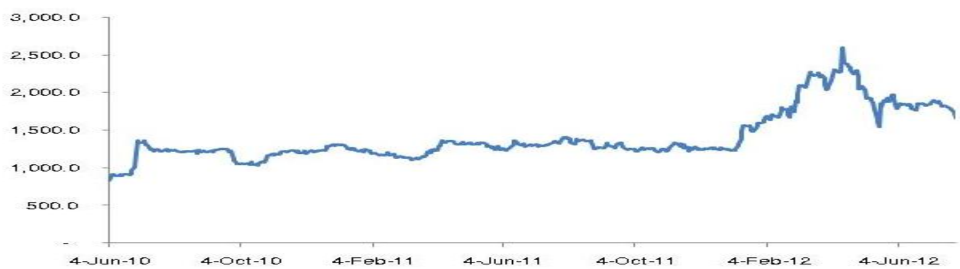
[8] It takes about 15 days to convert share certificates (non-demated shares) into demated shares. (Source: https://www.karvy.com/dp/faqs/dematerialisation.htm#howdemat)

Further, in the following two examples—AstraZeneca Pharma (a probable delisting candidate) and Atlas Copco (delisted recently)—we show the impact of non-demated shares in a delisting process.

AstraZeneca Pharma (BSE: 506820):

a. Promoter holding is 90% and 23.6% of the public holding is in non-demated form.
b. For a delisting issue to be successful, 50% of shares of AstraZeneca Pharma held by public must be tendered (see successful tender in Delisting Rules and the Process In Detail above).
c. About 23.6% of public holding is non-demated form and are less likely to be tendered.
d. So a higher percentage (65.4% if no non-demated share is tendered) of the demated share held by public must be tendered for the issue to be successful.
e. A high non-demated share in this case is a risk to the successful delisting. But it's a boon for investors given the Promoter pays higher price to ensure enough shares (demated) are tendered and issue becomes successful.
f. Stock price has appreciated by 100% since June 4, 2010

Figure 8 **Share price movement of AstraZeneca Pharma**

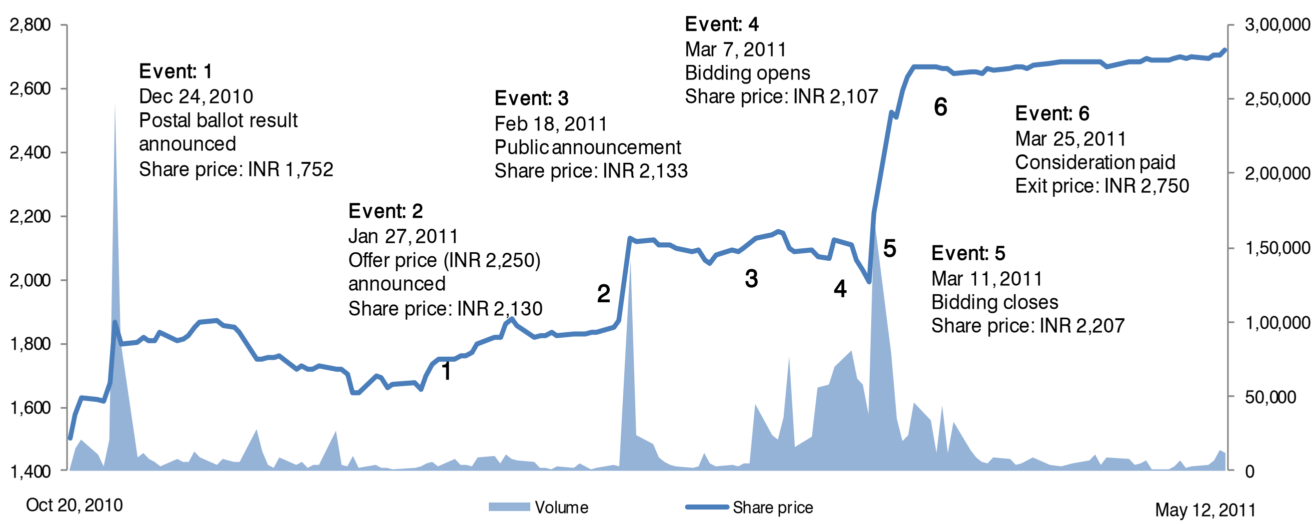


Source: Horizon Research, BSE

Atlas Copco:

a. We believe that one of the reasons the delisting required several rounds of increasing price tenders to shareholders was the presence of 23.64% of public shareholding in non demated form (Figure 7).
b. As on March 31, 2011, there were still 761,939 non demated shares worth an approximate INR 2,095.3 million yet to be tendered. Only 12% of the total 865,602 non-demated shares were tendered during the bidding.

Figure 9 **Share price movement of Atlas Copco**



Source: Horizon Research, BSE, Company documents

DILUTION: the other option available to the Promoter

Since June 2010 to date, 27 companies (of about 178 companies with Promoter holding greater than 75%) diluted, or reduced their shareholdings. The diluted universe includes 24 India based independent Promoters. Of the 8 MBIs pursued to date, 5 failed and 3 (all foreign Promoters) succeeded.

Between January and February 2012, SEBI introduced two mechanisms—Offer for sale ('OFS') and Institutional placement programme ('IPP') to enable Promoters to dilute their stake and adhere to the minimum public float guidelines. These mechanisms (especially rules pertaining to OFS) have been further relaxed on June 26, 2012.

We believe rules were relaxed on request of bankers/companies who were finding it difficult to sell shares of the respective companies at prices expected by Promoters. As the gap between two consecutive OFS and IPP has come down to 2 weeks from 12 weeks earlier, Promoters can now offload their stake (holding above 75%) at smaller quantities and more tranches. This should help realizing relatively better price.

Further, as qualified institutional investors[9] are now not required to put 100% margin (stock exchange will decide the margin requirement on case to case basis), there can be an increased participation from institutional investors.

Why Dilute? Factors which will contribute to the decision process

1. **Minimal Market Depth for the share sale**
    a. It is unlikely that Promoters of all of 153 companies can reduce their stakes in a practice.
    b. According to the estimation by Confederation of Indian Industry (CII), adherence to the new rule would cause compulsory offloading of about INR 348 billion (USD 6.2 billion) worth of shares between June 2012 and June 2013. This is against the average fund raising by public companies of INR 308 billion (USD 5.5 billion) per year, over the past six years. In addition, SEBI has approved INR 110 billion (USD 2 billion) of Initial public offerings which are pending.
    c. CII further estimated that total fund raising would reach to about INR 736 billion (USD 13.1 billion) in the next one year if balance disinvestment target of the government (i.e. the sale of PSU shares that the government has announced) is added. (Source: http://business-standard.com/india/news/cii-seeks-two-more-years-to-complyminimum-25-public-floatnorms/166287/on)

2. **Low appetite for new issues**
    a. In May 2012, only three companies—Speciality Restaurants (BSE:534425), Plastene India and Samvardhana Motherson Finance—came with their initial public offering (IPOs) and two of them had to withdraw their issue due to poor response.
    (source: http://www.nseindia.com/products/content/equities/ipos/historical_ipo.htm)
    b. On May 30, 2012, Fresenius Kabi (BSE: 532545), with a Promoter shareholding of 90%, informed the BSE that its Promoter's intended to dilute its stake in one or more tranches. Consequently, the share price touched its lower circuit (circuit limit 20%) on May 31, 2012. Currently, it is trading at INR 86.4, which is 36.1% below its price (INR 135.1) on the day of the announcement (May 30, 2012).

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[9] Qualified institutional investors are public financial institution such as scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, venture capital funds registered with SEBI, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), etc. (Source: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1289812097242.pdf)

3. **Extension of the deadline to comply with the guidelines**
    a. There is a third option – fail to comply. Though highly unlikely, we do believe this is a possibility based on technical issues and liquidity. Examining the average daily traded volume for our focus list we see that most of these companies must start selling shares immediately to achieve minimum public float of 25%. This assumes the historical trading patterns remaining constant. In the case of Honeywell Automation for example, the 6% sale must begin no later than January 2013 based on historical volumes (Figure 4.b).
    b. As yet neither SEBI nor the Indian Government has announced any penalty for non-compliance with the public float.
    c. The other major risk is a postponement of the compliance date of June 3, 2013. As per our estimate, India is likely to get dollar inflows of about USD 1.79 billion assuming Promoters of all 15 companies mentioned in Figure 4.a opt for delisting. We believe that with India currently in need of foreign exchange inflows due to a high current account deficit, the Government will not take any action that could reduce the inflow of foreign exchange.

Dilution Observations

Time required for dilution will depend on the number of tranches in which the Promoters wish to dilute their holding to below 75%. As per the rule minimum offer size should not be less than INR 250 million and there must be a gap of two weeks between two offers. Offer for sale or institutional placement programme will take about a week. So in effect, there can be two issues in one month. Cumulatively there can be 3 issues in two months, 4 issues in three months and 8 issues in six months.

On an average, companies mentioned in Figure 1 need about 37 weeks to attain minimum public float of 25% assuming they dilute at current market price and in a tranche of INR 250 million. Hence, to abide by the rule, Promoters of these companies must start selling their shares latest by August 2012. We believe that the number of tranches would depend upon the liquidity of the stock and the demand for the stock. If the stock is not very liquid or if the Promoter is ascertained that there is demand, the Promoters may prefer to offload in one go.

On an average, stock price of companies mentioned in Figure 1 appreciated by about 90% in absolute terms between June 4, 2010 and June 28, 2012. This is against a decline of 0.7% in BSE Sensex Index. The appreciation in stock price reflects the general expectation of the market that all of these companies will opt for delisting. However this is unlikely to happen. The Promoter of Fresenius Kabi Oncology, which was a candidate for voluntary delisting, chose to dilute its stake and informed the same to the stock exchange on May 30, 2012. Saint Gobain Sekurit, which made public announcement for delisting on May 21, 2012, preferred not to pay more than INR 31 per share for delisting.

Do both? Dilute now and Delist later

Promoters could "do both"—dilute first through the IPP/OFS, let the share price decline and then pursue an MBI with the objective of lowering initial floor price to begin the tender process. Post selling stocks under IPP/OFS Promoters cannot trade in the company stock for next six months. Given this six month seasoning period, Promoters can begin to dilute, but must stop by September 2012 to begin the seasoning. In effect, the announcement of a dilution in the next 60 days will likely signal the Promoters intentions, lead to a fall in share price. This tactic would still permit the Promoter to begin the MBI process by the beginning of March 2013. Although this option is feasible, we believe its ultimate benefits are negligible as the approximately 60 days from the announcement of an MBI to the commencement of tendering is ample time for the market to adjust. In this context, we believe no action in the next 90 days from Promoters increases the likelihood of an MBI, and as the deadline nears, it will be difficult to dilute.

SUMMARY INVESTMENT CASE

Delisting, a mechanism popularly known as “Minority Buy In” (MBI) globally, has remained the flavour of the Indian equity markets for the last two years pushing up the stock prices of selective foreign Promoter owned companies. Opportunities continue to exist, but investors must be selective as the related universe of 153 companies offers more disappointment than returns. We believe companies owned by well capitalized foreign Promoters offer the best probability of an MBI announcement.

It is difficult for the Promoters to dilute in the open market as most of these companies are less liquid. Based on the past trading volume (average combined daily volume in BSE and NSE) , Promoter of Oracle Financial Services needs 50 days to dilute its excess holding of about 5%. The Promoters of Blue Dart Express and AstraZeneca Pharma need 219 days and 107 days, respectively, assuming that the historical trading patterns remain constant.

As Promoters announce plans to dilute, shareholders holding the shares of these companies in expectation of delisting gain will start selling in the market making it difficult for Promoters to sell at current share price levels. We believe that companies will opt for block deals and institutional placement. But institutional interest in many of these companies has been poor. For instance, institutional holding is 3% in Novartis (public float 24%), 2.24% in Gillette India (public float: 11%) and 1% in BOC India (public float: 11%).

Promoters of certain companies might prefer to opt for an MBI, as the cost of an MBI is relatively small if compared to the market capitalization, revenues and operating income of the Promoter. For instance, the estimated cost of an MBI for Oracle Financial Services is 2% of its parent’s revenue, it is roughly 0.2% of revenues in the case of both Gillette India and Honeywell Automation, and 0.6% in 3M India (Figure 6).

Since June 2010 to date, 27 companies (of about 178 companies with Promoter holding greater than 75%) diluted, or reduced their shareholdings. Between January and February 2012, SEBI introduced two mechanisms—Offer for sale (‘OFS’) and Institutional placement programme (‘IPP’) to enable Promoters to dilute their stake and adhere to the minimum public float guidelines. These mechanisms (especially rules pertaining to OFS) have been further relaxed on June 26, 2012.

The revised rules narrow down the gap between two consecutive OFS and IPP to 2 weeks from 12 weeks earlier. Promoters can now offload their stake (holding above 75%) at smaller quantities and more tranches. This might help realizing relatively better price. Qualified institutional investors[10] are now, as of a recent SEBI announcement, not required to put 100% margin (stock exchange will decide the margin requirement on case to case basis), there can be an increased participation from institutional investors.

Investors looking to benefit pre-event from the catalyst of an MBI—Regulator mandated minimum public float—must be selective and invest based on capitalization of the Promoter company and PMV of the target company (company in India having less than 25% public float). Risk lies in the difference of expectations of investors and that of Promoters; buyers beware.

[10] Qualified institutional investors are public financial institution such as scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, venture capital funds registered with SEBI, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), etc. (Source: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1289812097242.pdf)

Appendix: 1

The universe (companies with Promoters holding greater than 75% of outstanding shares)
(Price appreciation between June 4, 2010 and June 28, 2012)

Company	Promoter holding (%) (Mar 2012)	Stock price appreciation (%)	EV/EBITDA (x)	P/E (x)	P/B (x)
3M India	76.0	53.1	34.5	67.8	7.0
Adani Enterprises	78.3	(60.5)	46.0	72.8	2.4
Adani Ports & SEZ	77.5	(13.3)	15.9	21.0	4.6
Aeojian Invest	87.0	(47.7)	11.4	14.3	0.6
Andrew Yule	93.3	(33.8)	25.7	72.5	5.3
Aroni Commercials	89.1	(9.7)	45.2	24.6	0.2
AstraZeneca Pharma	90.0	120.9	125.6	235.3	24.1
AUNDE India	85.6	137.8	6.7	12.5	1.3
B2B Software Tech.	75.1	(8.6)	(178.6)	-	2.3
Bajaj Corp	84.7	NA	11.0	14.8	4.1
Bank of Maharashtra	79.0	(18.8)	1.5	6.8	0.8
Batliboi	81.7	(50.0)	10.2	149.6	0.9
Berger Paints India	75.6	91.7	15.8	27.7	5.6
Best Eastern Hotels	89.6	97.7	25.6	62.6	9.4
BGR Energy Systems	81.1	(55.4)	5.5	10.1	1.9
Bhagyashree Leas. & Fin.	84.0	(6.6)		-	14.6
Bharat Electronics	75.9	(23.2)	3.7	13.1	1.9
Blue Dart Express	81.0	121.2	24.2	41.2	6.7
BOC India	89.5	88.7	17.6	30.2	2.6
Bombay Rayon Fashion	93.1	12.2	8.5	15.7	1.1
Central Bank of India	79.2	(38.9)	2.1	11.4	0.6
Chettinad Cement Corp.	88.4	61.6	5.6	15.8	2.7
Cimmco	72.1	NA	5.4	26.5	3.1
Citurgia Biochem	99.7	3.3		-	
Coal India	90.0	NA	23.8	27.8	8.0
DB Corp	86.4	(13.0)	10.1	17.7	3.6
Disa India	86.5	88.3	8.5	16.2	8.3
DLF	78.6	(31.2)	16.0	34.5	2.3
Dr Agarwals Eye Hospital	78.2	16.9	4.4	18.7	2.4
Dredging Corp.	78.6	(53.2)	5.1	58.4	0.5
EICL ltd.	77.9	(44.6)	4.8	14.9	1.6
Elantas Beck India	88.6	203.8	31.9	49.6	6.7
Engineers India	80.4	(32.5)	6.2	11.9	4.0
Eros Internatl. Media	77.8	NA	8.8	14.5	2.3
Essar Ports	83.7	7.8	161.6	-	1.4
Essar Shipping	83.7	NA	7.5	6.6	0.1
Fairfield Atlas	83.9	180.8	7.2	11.8	4.3

Company	Promoter holding (%) (Mar 2012)	Stock price appreciation (%)	EV/EBITDA (x)	P/E (x)	P/B (x)
Fert. Chemicals Travancore	98.6	(44.7)	12.8	78.0	10.9
Fortis Healthcare	81.5	(29.4)	35.6	21.2	1.3
Fresenius Kabi Oncology	90.0	(32.4)	25.1	76.8	2.3
Gammon Infra Projects	75.5	(52.0)	17.8	30.3	1.5
Gillette India	88.8	52.7	61.3	120.7	11.5
GMM Pfaudler	75.6	(25.2)	6.4	13.0	1.1
Godrej Industries	79.1	56.8	40.4	38.6	6.1
Gokaldas Exports	88.3	(49.2)	(8.6)	-	1.0
Gujarat State Fin. Corp.	83.9	(52.3)	59.7	-	(0.0)
Hella India Light	81.8	8.9	(13.4)	-	2.6
Henkel India	83.7	(60.7)	18.6	-	2.1
Hindustan Copper	99.6	(45.7)	38.9	75.4	17.1
Hindustan Media Vent	77.7	NA	7.7	13.7	2.1
HMT	98.9	(40.1)	722.0	-	2.7
Honeywell Automation	81.2	0.6	15.7	26.6	3.6
Hubtown	82.5	(61.7)	8.9	30.1	0.8
Ind Bank Housing	76.0	(51.8)	(16.4)	-	0.6
Indag Rubber	77.0	117.0	3.6	5.4	1.9
India Cement Capital	85.7	(64.8)	17.9	325.6	0.3
Indian Bank	80.0	(27.0)	1.9	4.6	0.8
IOC	78.9	(28.4)	5.3	16.2	1.1
ITI	93.0	(42.5)	(3.4)	-	(0.5)
IVRCL Assets & Hold	83.0	(67.9)	(24.6)	-	0.4
Jaypee Infratech	83.3	(35.4)	7.3	5.9	1.2
JCT Electronics	82.8	(66.2)	(16.8)	-	(0.1)
Jet Airways (I)	80.0	(22.4)	28.2	-	(8.2)
Jolly Board	89.9	(34.3)	10.3	19.0	1.1
Joonktollee Tea & Inds	83.1	11.9	8.8	16.0	0.6
JP Power Ventures	76.1	(45.7)	12.8	22.7	1.6
JSW Energy	76.7	(57.7)	10.1	38.6	1.4
Jyothi Infraventures	76.5	NA	(31.9)	5.3	1.8
Keerthi Industries	76.2	NA	2.6	1.6	0.3
Kennametal India	88.2	185.6	15.5	26.8	6.2
Khoday India	89.5	(13.2)	6.2	9.7	1.8
L&T Finance Holdings	82.6	NA	77.0	106.9	2.2
Lords Chloro Alkali	76.4	47.9	(20.4)	-	2.5
Mahindra Holi. & Resor	82.7	(40.6)	20.2	23.5	4.2
Marathon Nextgen Realty	89.1	(50.4)	3.6	4.1	0.6
MMTC	99.3	(50.2)	99.2	545.5	48.6
Modern India	86.2	(81.0)	15.3	337.5	2.4
Modi Rubber	86.1	NA	0.9	2.2	0.7

Company	Promoter holding (%) (Mar 2012)	Stock price appreciation (%)	EV/EBITDA (x)	P/E (x)	P/B (x)
MOIL	80.0	NA	4.8	12.0	1.9
MPS	76.3	(7.9)	2.7	8.2	1.1
MRPL	88.6	(23.6)	4.8	11.4	1.3
Mudra Lifestyle	85.9	(51.7)	(2.5)	-	4.7
Muthoot Capital Services	77.5	(45.0)	5.5	6.3	1.1
Muthoot Finance	80.1	NA	4.2	5.9	1.8
Nagarjuna Agrichem	78.3	(76.2)	3.8	14.1	0.5
National Aluminium	87.1	(42.9)	7.4	19.1	1.3
National Buildings Const.	90.0	NA	(0.1)	6.4	0.6
National Fertilizers	97.6	(25.0)	13.7	32.3	2.3
NB Footwear	81.0	(56.2)	(36.2)	-	(8.1)
Neyveli Lignite	93.6	(45.0)	5.7	10.2	1.1
NHPC	86.4	(37.8)	7.7	8.3	0.8
Nitta Gelatin India	80.5	(38.0)	4.4	19.0	0.9
NMDC	90.0	(33.6)	5.7	10.9	3.0
Novartis	76.4	20.4	10.0	15.5	2.8
NTPC	84.5	(22.0)	9.6	14.4	1.8
Oberoi Realty	78.5	NA	19.0	31.2	3.5
Ocean Agro (India)	86.4	NA	5.3	139.3	0.2
Oil India	78.4	(4.2)	3.3	8.8	1.7
Omaxe	89.1	59.8	18.3	42.8	1.7
Oracle Finl. Service	80.4	16.8	13.9	19.7	3.3
Orient Press	90.1	(16.6)	7.5	5.3	1.4
Parshwanath Corp	82.3	13.1	2.3	2.4	1.4
Piccadily Sugar	75.6	11.7	2.0	2.5	1.1
Pioneer Distilleries	82.0	(18.7)	(71.7)	-	(2.9)
Plethico Pharma	87.0	(5.7)	28.3	104.6	1.9
Prestige Estate Proj	80.0	NA	15.6	29.8	1.8
Punjab & Sind Bank	78.2	NA	1.8	3.7	0.5
Puravankara Projects	90.0	(41.0)	9.4	31.6	0.9
Rama Phosphates	81.5	110.1	2.4	3.1	1.0
RAS Propac Lamipack	80.3	(84.3)	9.7	35.8	(0.3)
Ras Resorts & Apart	77.7	(13.0)	12.0	23.3	2.2
RCF	92.5	(27.9)	5.9	13.2	1.5
Reliance Power	80.4	(36.7)	80.5	95.9	1.8
Remi Metals Guj	87.3	(83.8)	45.5	-	(0.3)
Sah Petroleums	86.9	72.1	3.9	-	1.2
SAIL	85.8	(56.1)	5.4	10.9	0.9
Saint-Gobain Sekurit	85.8	45.9	18.1	48.0	4.6
Scooters India	95.4	27.8	1,401.3	-	(1.4)
Shalimar Wires Inds	87.9	(51.5)	14.1	2.2	3.0
Shantivijay Jewels	93.1	NA	17.8	34.4	1.1
Sharp India	80.0	(5.0)	34.4	-	3.7

Company	Promoter holding (%) (Mar 2012)	Stock price appreciation (%)	EV/EBITDA (x)	P/E (x)	P/B (x)
Fert. Chemicals Travancore	98.6	(44.7)	12.8	78.0	10.9
Singer India	78.9	26.1	4.5	9.5	3.8
SJVN	90.0	(20.4)	4.1	7.6	1.0
Starcom Information	88.7	358.8	148.7	240.4	9.3
State Bank of Bik. &Jai.	75.1	(8.1)	0.9	4.1	0.6
State Bank Of Mysore	92.3	(10.5)	3.7	6.7	0.7
State Trading Corp.	91.0	(37.2)	9.0	98.9	2.3
Steelco Gujarat	78.3	(47.2)	9.5	-	(0.6)
Styrolution ABS	87.3	140.2	14.2	25.5	3.2
Suashish Diamonds	89.4	(11.4)	4.0	8.2	0.5
Sun TV Network	77.0	(25.2)	8.2	18.1	4.4
Sundaram-Clayton	80.0	6.6	7.7	10.5	1.9
Surat Textile Mills	80.9	(66.1)	2.1	1.9	0.5
Swan Energy	75.7	(3.9)	18.0	29.1	6.1
Tata Communications	76.2	(8.0)	7.4	40.3	0.9
Tata Tele. (Maharashtra)	77.7	(32.7)	14.3	-	(2.3)
Thomas Cook (India)	77.1	4.2	12.4	26.4	3.8
Timken India	80.0	66.2	14.6	23.3	4.2
Transformers & Rectifiers	76.8	(70.2)	6.8	19.5	0.5
Tulive Developers	78.0	NA	3.4	1.7	-
United Bank	81.6	(24.4)	1.1	3.5	0.5
UP Hotels	88.4	23.3	6.9	13.9	2.1
Uttam Sugar Mills	78.1	(54.0)	28.8	-	1.6
Vaarad Ventures	86.3	(54.7)	1,454.6	-	23.2
Velan Hotels	80.1	(21.2)	25.7	71.6	0.9
Vintron Informatics	93.6	(37.5)	9.5	9.7	4.2
Warren Tea	83.5	139.0	9.3	21.0	3.1
Wendt India	79.7	139.6	12.9	22.0	5.2
WH Brady	81.5	(30.2)	5.5	9.7	2.2
Wheels India	85.6	132.0	5.7	19.5	2.8
Wipro	78.4	1.4	13.3	20.8	3.8
Xchanging Solutions	75.6	(69.3)	4.8	-	1.5

Source: Horizon Research, BSE

Anand Rawani, the Research Analyst who prepared this report, hereby certify that the views expressed in this report accurately reflect the analyst's personal views about the subject companies and their securities. The Research Analyst has not been, is not and will not be receiving direct or indirect compensation for expressing the specific recommendation or view in this report.

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